



## Medicare EHR Incentive Program, Physician Quality Reporting System and e-Prescribing Comparison

This tip sheet identifies opportunities for certain Medicare providers to receive incentive payments for participating in important Medicare initiatives. In addition to the incentive programs mentioned in this tip sheet, Medicare providers can maximize their overall Medicare payments by becoming a participating provider. The benefits of Medicare participation include higher reimbursement compared to those providers who do not participate, direct payments to the Medicare provider because the claims are always assigned, and automatic forwarding of claims information to Medigap insurers. More information on becoming a Medicare participating provider can be found at <http://www.cms.hhs.gov/cmsforms/downloads/cms460.pdf> on the Centers for Medicare & Medicaid Services (CMS) website.

### What incentive payments are available to Medicare eligible professionals?

Provided a Medicare fee-for-service (FFS) eligible professional (EP) meets the eligibility and reporting requirements for each program, EPs may choose to participate in three payment incentive programs:

- A. Physician Quality Reporting System – The 2006 Tax Relief and Health Care Act (TRHCA) (P.L. 109-432) required the establishment of a physician quality reporting system, including an incentive payment for EPs who satisfactorily report data on quality measures for covered professional services furnished to Medicare beneficiaries. CMS named this program the Physician Quality Reporting System.

More information on the Physician Quality Reporting System program can be found at [http://www.cms.gov/PQRI/01\\_Overview.asp](http://www.cms.gov/PQRI/01_Overview.asp) on the CMS website.

- B. Electronic Prescribing (eRx) Incentive Program – Section 132 of the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) authorized a new and separate incentive program for EPs who are successful electronic prescribers as defined by MIPPA. This new incentive program, which began on January 1, 2009, is separate from and is in addition to the Physician Quality Reporting System program. EPs do not need to participate in Physician Quality Reporting System to participate in the eRx Incentive Program. **Note: Medicare EPs may not earn incentives under the eRx and Electronic Health Records incentive programs at the same time.**

More information on the eRx Incentive Program can be found at <http://www.cms.hhs.gov/ERxIncentive> on the CMS website.

- C. Electronic Health Record (EHR) Incentive Program – The American Recovery and Reinvestment Act of 2009 (Recovery Act) includes the Health Information Technology for Economic and Clinical Health Act, or the “HITECH Act,” which established programs under Medicare and Medicaid to provide incentive payments to EPs, hospitals, and critical access hospitals for the “meaningful use” of certified EHR technology. **Note: Medicare EPs may not earn incentives under the eRx and Electronic Health Records incentive programs at the same time.**

More information on the EHR Incentive Program can be found at [http://www.cms.hhs.gov/Recovery/11\\_HealthIT.asp](http://www.cms.hhs.gov/Recovery/11_HealthIT.asp) on the CMS website.



## Who is eligible to participate in each incentive program?

The definition of an EP varies by incentive program and is defined as follows:

- A. Physician Quality Reporting System and eRx Programs define an EP as—
1. Physicians, defined as a doctor of medicine or osteopathy, a doctor of oral surgery or dental medicine, a doctor of podiatric medicine, a doctor of optometry, or a chiropractor;
  2. Practitioners, defined as a physician assistant, nurse practitioner, clinical nurse specialist, certified registered nurse anesthetist (and anesthesiologist assistant), certified nurse midwife, clinical social worker, clinical psychologist, registered dietitian, nutrition professional, or audiologist; and
  3. Therapists, defined as a physical therapist, occupational therapist, or qualified speech-language therapist.

To participate in the eRx Incentive Program, these professionals must additionally have prescribing authority.

- B. Medicare EHR Program defines an EP as— A doctor of medicine or osteopathy, a doctor of dental surgery or dental medicine, a doctor of podiatric medicine, a doctor of optometry, or a chiropractor. **Note: Hospital-based EPs are not eligible to receive payments through the Medicare EHR Program.**
- C. Medicaid EHR Program defines an EP as—Physicians, nurse practitioners, certified nurse-midwives, dentists, and physician assistants who practice in a Federally Qualified Health Center or rural health clinic that is led by a physician assistant. **Note: Hospital-based EPs are not eligible to receive payments through the Medicaid EHR Program.**

## What are the time frames for each of the programs?

- A. The Physician Quality Reporting System incentive payments are available until 2014. Beginning in 2015, EPs who do not satisfactorily report Physician Quality Reporting System measures will be subject to payment adjustments.
- B. The eRx incentive payments are available until 2013. Beginning in 2012, payment adjustments will take effect for EPs who are not successful e-prescribers.
- C. The EHR Incentive Program begins in calendar year 2011. EPs can earn incentive payments for up to 5 years if they elect to receive their incentive payment through Medicare or up to 6 years if they elect to receive their incentive payment through Medicaid. However, no Medicare EHR incentive payments will be made to EPs whose first year of participation in the Medicare EHR Program is 2015 or later and beginning in 2015, payment adjust-

ments will take effect for Medicare FFS EPs who cannot successfully demonstrate meaningful use of certified EHR technology. EPs can begin to participate in the Medicaid EHR Incentive Program until 2016, and there are currently no penalties for not demonstrating meaningful use for Medicaid EPs.

## What are the maximum incentive payments an EP can receive through each program?

- A. Physician Quality Reporting System – EPs who satisfactorily report on Physician Quality Reporting System quality measures will earn an incentive payment based on a percentage of their total estimated Medicare Physician Fee Schedule (MPFS) allowed charges processed not later than 2 months after the end of the reporting period. For reporting year 2011, EPs who satisfactorily report Physician Quality Reporting System measures will earn an incentive payment equal to 1.0 percent of allowed charges. For reporting years 2012 through 2014, EPs who satisfactorily report Physician Quality Reporting System measures will earn an incentive payment equal to 0.5 percent of allowed charges. Additionally, for reporting years 2011 through 2014, EPs who satisfactorily report Physician Quality Reporting System measures can qualify to earn an additional 0.5 percent incentive payment by, more frequently than is required to qualify for or maintain board certification status, participating in a maintenance of certification program and successfully completing a qualified maintenance of certification program practice assessment. Beginning in 2015, EPs who do not satisfactorily report under the Physician Quality Reporting System will be subject to a payment adjustment equal to 1.5 percent of their Medicare PFS allowed charges. The payment adjustment increases to 2.0 percent in 2016 and beyond.
- B. eRx – EPs who are successful e-prescribers can qualify to earn an incentive payment based on a percentage of their total estimated Medicare PFS allowed charges processed not later than 2 months after the end of the reporting period. For reporting years 2011 and 2012, EPs who are successful e-prescribers can qualify to earn an incentive payment equal to 1.0 percent of allowed charges. For reporting year 2013, EPs can qualify to earn an incentive payment of 0.5 percent of allowed charges. Beginning in 2012, EPs who are not successful e-prescribers in 2011 and do not qualify for a hardship exception will be subject to a payment adjustment equal to 1.0 percent of their Medicare PFS allowed charges. The payment adjustment increases to 1.5 percent in 2013 and 2.0 percent in 2014.
- C. EHR – EPs may receive an incentive payment based on the criteria of the program under which they elect to receive payment (Medicare or Medicaid). Before 2015, an EP may switch between the programs one time after the first incentive payment is initiated.
  - 1. Medicare – EPs who successfully demonstrate meaningful use of certified EHR technology during the relevant EHR reporting period may be eligible to receive an incentive payment, subject to an annual limit, equal to 75 percent of the EP's allowed charges submitted not later than 2 months after the end of the calendar year. The amount of the annual EHR incentive payment limit for each payment year will be increased by 10 percent for EPs who predominantly furnish services in an area that is designated by the Secretary (under section 332(a)(1)(A) of the PHS Act) as a geographic health professional shortage area (HPSA).
  - 2. Medicaid – EPs who adopt, implement, upgrade, or meaningfully use certified EHR technology in their first year of participation in the program and successfully demonstrate meaningful use in subsequent years may be eligible for an incentive payment amount, subject to an annual limit.

Table 1 illustrates the maximum EHR incentive payments available for each program based on the year the EP first receives payment.



## Can EPs participate in multiple incentive programs at the same time?

For the most part, EPs may participate in more than one incentive program at the same time. However, there are some limitations. Table 2 outlines the programs that EPs may participate in at the same time:

**Table 1: Maximum EHR Incentive Payments by Program Based on the First Calendar Year (CY) for Which the EP Receives Payment**

CY	2011		2012		2013		2014		2015		2016	
	Medicare	Medicaid	Medicare	Medicaid	Medicare	Medicaid	Medicare	Medicaid	Medicare	Medicaid	Medicare	Medicaid
2011	\$18,000	\$21,250										
2012	\$12,000	\$8,500	\$18,000	\$21,250								
2013	\$8,000	\$8,500	\$12,000	\$8,500	\$15,000	\$21,250						
2014	\$4,000	\$8,500	\$8,000	\$8,500	\$12,000	\$8,500	\$12,000	\$21,250				
2015	\$2,000	\$8,500	\$4,000	\$8,500	\$8,000	\$8,500	\$8,000	\$8,500		\$21,250		
2016		\$8,500	\$2,000	\$8,500	\$4,000	\$8,500	\$4,000	\$8,500		\$8,500		\$21,250
2017				\$8,500		\$8,500		\$8,500		\$8,500		\$8,500
2018						\$8,500		\$8,500		\$8,500		\$8,500
2019								\$8,500		\$8,500		\$8,500
2020										\$8,500		\$8,500
2021												\$8,500
Total (if EP does not switch programs)	\$44,000	\$63,750	\$44,000	\$63,750	\$39,000	\$63,750	\$24,000	\$63,750	\$0	\$63,750	\$0	\$63,750

NOTE: Medicare EPs may not receive EHR incentive payments under both Medicare and Medicaid.

NOTE: The amount of the annual EHR incentive payment limit for each payment year will be increased by 10 percent for EPs who predominantly furnish services in an area that is designated as an HPSP.

**Table 2: Programs That EPs Can Participate in Simultaneously**

If I am part of this program, can I still participate in this program?	PQRS	eRx	EHR
PQRS		Yes*	Yes*
eRx	Yes		Yes, but you cannot earn both an eRx incentive and an EHR incentive in the same year if you elect to receive the EHR incentive payment through Medicare
EHR	Yes	Yes, but you cannot earn both an eRx incentive and an EHR incentive in the same year if you elect to receive the EHR incentive payment through Medicare	

\*Providers participating in PQRS cannot earn both an eRx incentive and an EHR incentive in the same year if the provider elects to receive their EHR incentive payment through Medicare.

## What is the maximum incentive payment an EP can receive in any one year?

Provided an EP meets all the eligibility and reporting requirements for each incentive program, the maximum possible incentive payment is dependent upon the following factors:

- The MPFS allowed charges processed not later than 2 months after the end of the calendar year;
- The payment year of the incentive payment;
- The program through which the EP receives an EHR payment (Medicare or Medicaid);
- The calendar year in which the EP first participates in the EHR Incentive Program;
- Whether the EP predominantly furnishes services in an HPSP; and
- Whether the EP participates in a maintenance of certification program and successfully completes a qualified maintenance of certification program practice assessment more often than is required to qualify for or maintain board certification status.



Table 3 identifies the maximum incentive payments available by year depending on whether the EP chooses to participate in either the Medicare or Medicaid EHR Incentive Program. It also shows payment adjustments for not meeting these criteria.

**Table 3: Payments Based on the First Year Calendar Year (CY) for Which an EP Receives an EHR Incentive Payment\***

CY	Program	CY 2011		CY 2012		CY 2013		CY 2014		CY 2015		CY 2016																													
		Medicare <sup>1</sup>	Medicaid	Medicare <sup>1</sup>	Medicaid	Medicare <sup>1</sup>	Medicaid	Medicare <sup>1</sup>	Medicaid	Medicare <sup>1</sup>	Medicaid	Medicare <sup>1</sup>	Medicaid																												
2011	EHR	\$18,000	\$21,250							Medicare EPs subject to payment adjustments if they do not adopt EHRs before CY 2015		Medicare EPs subject to payment adjustments if they do not adopt EHRs before CY 2015																													
	eRX <sup>A</sup>	Not eligible	1% (of MPFS)																																						
	PQRS <sup>A1</sup>	1% (of MPFS)	0.5% (of MPFS)																																						
	PQRS <sup>2</sup>	0.5% (of MPFS)	0.5% (of MPFS)																																						
2012	EHR	\$12,000	\$8,500	\$18,000	\$21,250									Medicare EPs subject to payment adjustments if they do not adopt EHRs before CY 2015		Medicare EPs subject to payment adjustments if they do not adopt EHRs before CY 2015																									
	eRX <sup>3</sup>	Not eligible	1% (of MPFS)	Not eligible	1% (of MPFS)																																				
	PQRS <sup>1</sup>	0.5% (of MPFS)	0.5% (of MPFS)	0.5% (of MPFS)	0.5% (of MPFS)																																				
	PQRS <sup>2</sup>	0.5% (of MPFS)	0.5% (of MPFS)	0.5% (of MPFS)	0.5% (of MPFS)																																				
2013	EHR <sup>3</sup>	\$8,000	\$8,500	\$12,000	\$8,500	\$15,000	\$21,250											Medicare EPs subject to payment adjustments if they do not adopt EHRs before CY 2015		Medicare EPs subject to payment adjustments if they do not adopt EHRs before CY 2015																					
	eRX	Not eligible	0.5% (of MPFS)	Not eligible	0.5% (of MPFS)	Not Eligible	0.5% (of MPFS)																																		
	PQRS <sup>1</sup>	0.5% (of MPFS)	0.5% (of MPFS)	0.5% (of MPFS)	0.5% (of MPFS)	0.5% (of MPFS)	0.5% (of MPFS)																																		
	PQRS <sup>2</sup>	0.5% (of MPFS)	0.5% (of MPFS)	0.5% (of MPFS)	0.5% (of MPFS)	0.5% (of MPFS)	0.5% (of MPFS)																																		
2014	EHR	\$4,000	\$8,500	\$8,000	\$8,500	\$12,000	\$8,500	\$12,000	\$21,250													Medicare EPs subject to payment adjustments if they do not adopt EHRs before CY 2015		Medicare EPs subject to payment adjustments if they do not adopt EHRs before CY 2015																	
	PQRS	0.5% (of MPFS)	0.5% (of MPFS)	0.5% (of MPFS)	0.5% (of MPFS)	0.5% (of MPFS)	0.5% (of MPFS)	0.5% (of MPFS)	0.5% (of MPFS)																																
2015	EHR	\$2,000	\$8,500	\$4,000	\$8,500	\$8,000	\$8,500	\$8,000	\$8,500	-1% (of MPFS)	\$21,250	Medicare EPs subject to payment adjustments if they do not adopt EHRs before CY 2015														Medicare EPs subject to payment adjustments if they do not adopt EHRs before CY 2015															
	PQRS	-1.5% (of MPFS)		-1.5% (of MPFS)		-1.5% (of MPFS)		-1.5% (of MPFS)		-1.5% (of MPFS)																		-1.5% (of MPFS)													
2016	EHR	\$0	\$8,500	\$2,000	\$8,500	\$4,000	\$8,500	\$4,000	\$8,500	-2% (of MPFS)	\$8,500																	-2% (of MPFS)	\$21,250	Medicare EPs subject to payment adjustments if they do not adopt EHRs before CY 2015		Medicare EPs subject to payment adjustments if they do not adopt EHRs before CY 2015									
	PQRS	-2% (of MPFS)		-2% (of MPFS)		-2% (of MPFS)		-2% (of MPFS)		-2% (of MPFS)																		-2% (of MPFS)													
2017	EHR	\$0	\$0	\$0	\$8,500	\$0	\$8,500	\$0	\$8,500	-3% (of MPFS)	\$8,500			-3% (of MPFS)	\$8,500	Medicare EPs subject to payment adjustments if they do not adopt EHRs before CY 2015												Medicare EPs subject to payment adjustments if they do not adopt EHRs before CY 2015													
	PQRS	-2% (of MPFS)		-2% (of MPFS)		-2% (of MPFS)		-2% (of MPFS)		-2% (of MPFS)				-2% (of MPFS)																											
2018	EHR	\$0	\$0	\$0	\$0	\$0	\$8,500	\$0	\$8,500	-4% (of MPFS)	\$8,500			-4% (of MPFS)	\$8,500																			Medicare EPs subject to payment adjustments if they do not adopt EHRs before CY 2015		Medicare EPs subject to payment adjustments if they do not adopt EHRs before CY 2015					
	PQRS	-2% (of MPFS)		-2% (of MPFS)		-2% (of MPFS)		-2% (of MPFS)		-2% (of MPFS)				-2% (of MPFS)																											
2019	EHR	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,500	-5% (of MPFS)	\$8,500			-5% (of MPFS)	\$8,500			Medicare EPs subject to payment adjustments if they do not adopt EHRs before CY 2015		Medicare EPs subject to payment adjustments if they do not adopt EHRs before CY 2015																					
	PQRS	-2% (of MPFS)		-2% (of MPFS)		-2% (of MPFS)		-2% (of MPFS)		-2% (of MPFS)				-2% (of MPFS)																											
2020	EHR	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-5% (of MPFS)	\$8,500			-5% (of MPFS)	\$8,500																							Medicare EPs subject to payment adjustments if they do not adopt EHRs before CY 2015		Medicare EPs subject to payment adjustments if they do not adopt EHRs before CY 2015	
	PQRS	-2% (of MPFS)		-2% (of MPFS)		-2% (of MPFS)		-2% (of MPFS)		-2% (of MPFS)				-2% (of MPFS)																											
2021	EHR	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-5% (of MPFS)	\$0			-5% (of MPFS)	\$8,500							Medicare EPs subject to payment adjustments if they do not adopt EHRs before CY 2015		Medicare EPs subject to payment adjustments if they do not adopt EHRs before CY 2015																	
	PQRS	-2% (of MPFS)		-2% (of MPFS)		-2% (of MPFS)		-2% (of MPFS)		-2% (of MPFS)				-2% (of MPFS)																											

\* EHR payments shown represent the maximum incentive payments available for each calendar year

<sup>1</sup> Medicare incentive payments are based on the MPFS allowed charges

<sup>2</sup> PQRS and eRx incentive payments are based on MPFS allowed charges

<sup>3</sup> Incentive for satisfactorily reporting quality measures

<sup>2</sup> EPs who satisfactorily report PQRS measures can qualify to earn an additional 0.5 percent incentive payment by, more frequently than is required to qualify for or maintain board certification status, participating in a maintenance of certification program and successfully completing a qualified maintenance of certification program practice assessment.

<sup>3</sup> EPs who are not successful e-prescribers and do not qualify for a hardship exception will be subject to a payment adjustment equal to 1.0 percent of MPFS allowed charges in 2012. The payment adjustment increases to 1.5 percent in 2013 and 2.0 percent in 2014.

In addition, the following examples are meant to illustrate some incentive payment possibilities when an EP participates in multiple incentive programs.

## Scenarios

### Scenario 1

Dr. Smith submitted \$50,000 in allowed charges to Medicare during calendar year 2011. During that same period, the doctor met all of the eligibility criteria to participate in the Medicaid EHR Incentive Program. In 2011, Dr. Smith satisfactorily reported data on Physician Quality Reporting System measures and qualified for a Physician Quality Reporting System incentive payment. Dr. Smith also qualified to earn an eRx incentive payment because in addition to meeting the criteria for being a successful e-prescriber, more than 10 percent of the doctor's MPFS allowed charges were composed of services included in the eRx measure's denominator. Also, during 2011 Dr. Smith adopted, implemented, or upgraded certified EHR technology and elected to receive his EHR Incentive Program payment through his State's Medicaid program. How much in incentive payments will Dr. Smith receive for 2011?

For 2011, Dr. Smith will receive a total of \$22,250 in incentive payments. This payment is broken down as shown in Table 4.

### Scenario 2

Assume that Dr. Smith continues to participate in the Physician Quality Reporting System, eRx, and EHR Incentive Programs in 2013. Dr. Smith earned an additional 0.5 percent Physician Quality Reporting System incentive payment because in 2013 he (1) satisfactorily reported Physician Quality Reporting System measures and (2) more frequently than is

required to qualify for or maintain board certification status: (a) participated in a maintenance of certification program and (b) successfully completed a maintenance of certification program practice assessment. His Medicare allowed charges are still \$50,000. He continues to elect to receive his EHR incentive payment through Medicaid and demonstrates meaningful use in 2013. How much in incentive payments will Dr. Smith receive for 2013?

For 2013, Dr. Smith will receive a maximum incentive payment of \$9,250. This payment is broken down as shown in Table 5.

### Scenario 3

Assume that all the information is the same as in Scenario 1 except Dr. Smith does not meet all of the eligibility criteria to participate in the Medicaid EHR Incentive Program so he demonstrates meaningful use of certified EHR technology and chooses to receive EHR incentive payments through Medicare. He cannot receive both the eRx incentive payment and the EHR incentive payment through Medicare so, in this scenario, Dr. Smith's incentive payments for 2011 would total \$18,500. This is broken down as shown in Table 6.

**Table 4: Breakdown of Incentive Payments for Scenario 1**

Program EP Participates In	PQRS (Medicare)	eRx Medicare	EHR		Total Incentive Payment
	X	X	Medicare	Medicaid	
Incentive Payment Amount	\$500 1% of the \$50,000 in allowed charges processed by Medicare	\$500 1% of the \$50,000 in allowed charges processed by Medicare	\$21,250 The maximum incentive payment available through Medicaid		\$22,250

**Table 5: Breakdown of Incentive Payments for Scenario 2**

Program EP Participates In	PQRS (Medicare)	eRx Medicare	EHR		Total Incentive Payment
	X	X	Medicare	Medicaid	
Incentive Payment Amount	\$500 0.5% of the \$50,000 in allowed charges processed by Medicare for satisfactorily reporting PQRS measures and 0.5% for successful completion of a qualified maintenance of certification program practice assessment	\$250 0.5% of the \$50,000 in allowed charges processed by Medicare	\$8,500 The maximum incentive payment available through Medicaid		\$9,250

**Table 6: Breakdown of Incentive Payments for Scenario 3**

Program EP Participates In	PQRS (Medicare)	eRx Medicare	EHR		Total Incentive Payment
	X	X	Medicare	Medicaid	
Incentive Payment Amount	\$500 1.0% of the \$50,000 in allowed charges processed by Medicare	\$0 Not eligible for eRx payment	\$18,000 The maximum incentive payment available through Medicare		\$18,500



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